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Memorial to the
General Assembly of
N. C. 1866



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MEMORIAL.

*To the Honorable the General Assembly
of the State of North Carolina:*

The undersigned Memorialists in behalf of the North Carolina Rail Road Company would respectfully represent, that at a regular annual meeting of the stockholders of said Company, held at Hillsboro', on the twelfth day of July, 1866, they were appointed a Committee to revise the By-Laws and Regulations of said Company, and to apply to the Legislature for such amendments to the Charter as they might deem necessary for the successful management of the Road.

In the course of their investigations, the Committee became deeply impressed with the importance of effecting a radical change in the organization of the Company.

The Committee having unanimously agreed upon certain changes which they deemed advisable, recommended the adoption of the same to a called meeting of the stockholders, held in Raleigh on the 12th instant.

At this meeting, although a majority of the individual stock was represented, in consequence of the absence of the State's Proxy, no legal action could be had; but the individual stockholders, composed of prominent and influential men from different sections of the State, cordially adopted the recommendation of the Committee, and instructed them to go forward and urge the adoption of the same by the Legislature. These alterations consist chiefly in the reduction of the number of Directors, and the manner of their appointment. Under the present Charter, the Company is managed by a Board

of twelve Directors, eight of whom are annually appointed by the Governor of the State, by and with the advice and consent of his Council, and four are elected by the individual stockholders at their annual meeting. This large majority on the part of the State, virtually give the Governor, for the time being, the control of the Road, and discourages individual stockholders from attempting to remedy existing evils, by any changes they might be able to make in choosing the four Directors which they are at present authorized to elect; and the Governor, from the nature of his engagements, however much disposed, is utterly unable to make the best appointments, and after these appointments are made, whether wisely or unwisely, the history of the past, warrants the assertion, that little hope can be entertained of their being permanent.

Owing to these frequent changes, the Company can adopt no fixed and permanent policy; and instability has consequently marked the government of the Road from its commencement.

A reduction in the whole number of directors is recommended, with a view that each member of the board may feel more directly his responsibility in the management of the Road.

They, therefore, propose to reduce the whole number of Directors to nine, three of whom shall be appointed by the State, and six by the individual stockholders.

This policy would throw upon the individual stockholders the responsibility for the government of the Road, and by thus stimulating their private interest, it is believed would ensure a better and more successful management of the affairs of the Company. Experience in other States has shown the correctness of these views, and all experience has proved that a divided responsibility between the State and individuals, in such matters has uniformly worked injuriously to both interests.

The sole object of your memorialists being to secure such management as will guarantee to the stockholders a dividend, and enhance the value of the stock of the Company, they cannot see any thing in this policy likely to injure the interests of the State.

The Committee further recommend that in conformity with these views, the Charter shall be so amended as to provide that the Proxy of the State shall in all general meetings of the stockholders, be entitled to cast a vote equal to one-third of the whole number of votes to which the individual stockholders in such meeting shall be entitled.

The Committee further recommend that it be provided in the Charter that no person shall be qualified to act as a Director on the part of the State or of the individual stockholders, who is not at the time of his appointment or election, the holder of at least twenty shares of stock in said Company. The reason of this change is so obvious as merely to require the attention of the Legislature to be called to it. No person who has not some decided pecuniary interest in the Company, will be willing to devote sufficient of his time and attention to the details of its management, for the mere pittance of his *per diem* or the privilege of riding free over the Roads.

The Committee would call the attention of the Legislature also, to the mode of taxation at present provided. By the amended Charter, whenever the profits of the Company shall exceed six per centum per annum, the State has the privilege of taxing the real estate and other property of the Company. By the general Revenue law, the Counties and towns have the right of taxing whatever property the State has taxed in the same proportion. The State owns three-fourths of the stock in this Company, and it is evident, whenever she exercises the right of taxation, the same right can be exercised by the Counties, towns, and the State contributes three-fourths of these taxes. This is manifestly unintentional and injurious to the interests of the State, and for that reason, if for no other, should be altered. The Committee propose as a substitute for this mode of taxation, to tax the dividends on the stock of individual stockholders, in the same manner and to the same extent as the State taxes interest on money loaned, and to exempt the stock and all other property of the corporation from taxation.

The Committee also propose that the mode of serving process against said Company be altered so as to make it conform to the general law on this subject, that is, that such process

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shall be served on the President, Treasurer, Secretary or some Director of said Company.

In conformity with these views, the Committee has prepared a bill which they herewith submit, embodying the same, and beg if this, as a whole, shall not meet their approbation, the Legislature would pass an act incorporating such of these provisions as they may think proper, to be submitted to the stockholders for their approval.

GEO. W. MORDECAI,
RUFUS BARRINGER,
WM. A. CALDWELL.

Introduced by Mr. COWAN, of New Hanover,

Wm. E. Pell, Printer to the State.

A BILL TO AMEND AN ACT ENTITLED AN ACT TO INCORPORATE THE NORTH CAROLINA RAIL ROAD COMPANY, PASSED AT THE SESSION OF 1848-'49, AND AN ACT FOR THE COMPLETION OF THE NORTH CAROLINA RAIL ROAD, PASSED AT THE SESSION OF 1854-'55.

SECTION 1. *Be it enacted by the General Assembly of the*
2 *State of North Carolina, and it is hereby enacted by the au-*
3 *thority of the same,* That the affairs of said Company shall
4 be hereafter managed and directed by a general board to
5 consist of nine Directors, three of whom shall be appointed
6 by the Governor, by and with the advice and consent of
7 his Council, and may be removed in like manner, and six
8 of whom shall be elected by the individual stockholders,
9 from among their number at their general annual meet-
10 ings, and that no person shall be competent to act as a
11 Director in said Company, who is not at the time of his
12 appointment or election a stockholder to the amount of at
13 least twenty shares of stock in said Company: *Provided,*
14 *That this appointment and election of Directors shall not*
15 *take effect until the next general annual meeting of the*
16 *stockholders.*

SEC. 2. *Be it further enacted,* That in all meetings of the
2 stockholders, the Proxy of the State shall be entitled to
3 cast a vote equal to one-third of the whole number of votes
4 to which the individual stockholders in such meeting,
5 shall be entitled, on all matters and questions arising in
6 such meeting, the election of Directors only excepted.


SEC. 3. *Be it further enacted,* That whenever the divi-

2 dends of profits of said Company shall equal six per
3 centum per annum, the Legislature shall be at liberty to
4 tax the dividends or stock in said Company, held by in-
5 dividuals or corporations, in the same manner and to the
6 same extent as they may tax interest on money loaned,
7 the said tax to be paid into the Treasury of the State, by
8 the Treasurer of the Rail Road Company and to be by
9 him deducted from the dividends on individual stock, and
10 that the individual stock, the franchise and all other pro-
11 perty of the corporation whether real or personal, shall be
12 exempt from taxation.

SEC. 4. *Be it further enacted*, That section 7 of the act
2 incorporating the said Company shall be, and is hereby
3 repealed, and that all process against said Company shall
4 be served as provided by the general law relating to cor-
5 porations.

SEC. 5. *Be it further enacted*, That all laws and clauses
2 of laws coming within the meaning and purview of this
3 act shall be, and the same are hereby repealed.

SEC. 6. *Be it further enacted*, That this act shall take
2 effect whenever the same shall be accepted and ratified by
3 the stockholders of said Company in general meeting as-
4 sembled.



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